

7 December 1954

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Your Speech Tomorrow Night

Reliability of Soviet Production Figures

1. After years of intensive study of Soviet production statistics and checking them against the hard facts we otherwise obtain, we conclude that while they contain internal flaws inherent in any massive statistical effort they do not contain deliberate falsification, i.e., they do not maintain two sets of books—one for the managing bureaucracy and another for propaganda purposes. This conclusion is based on the following:

a. Internal consistency checks out.

b. There is consistency between the statistical statements and other announcements, e.g., underfulfillments are followed by firings, overfulfillments by promotions.

c. The wartime figures checked with their requests for lease-lend assistance.

d. They seem indifferent to releasing unfavorable data.

e. (Finally and most important) In 1941 the Germans captured their secret Gosplan overall economic program and this was found to be item by item identical with the figures the Soviet had publicly released.

2. Naturally, we take nothing on faith and constantly check their aggregate figures against our intelligence on individual plant production which has for the recent past years been relatively full as a result of intensive questions of returned prisoners of war, German technicians, etc.

3. (I usually wind up by saying we feel more certain of basic Soviet economic statistics for a year just past than any American businessman or economist can feel about our own figures for the year immediately ahead.)

checked
and so
no further review

ROBERT ARMY, JR.
Deputy Director/Intelligence